112TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
112–249

NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT

OCTOBER 14, 2011.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 2150]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 2150) to amend the Naval Petroleum Reserves Production Act of 1976 to direct the Secretary of the Interior to conduct an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, including at least one lease sale in the Reserve each year in the period 2011 through 2021, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 2150 is to amend the Naval Petroleum Reserves Production Act of 1976 to direct the Secretary of the Interior to conduct an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, including at least one lease sale in the Reserve each year in the period 2011 through 2021.

BACKGROUND AND NEED FOR LEGISLATION

A large portion of Alaska's abundant natural resources are located in the National Petroleum Reserve, Alaska (NPRA). Unfortunately, regulatory delays, administrative roadblocks, and bureaucratic red tape have greatly decreased the amount of oil and nat-

19–006

ural gas production in Alaska and have prevented new discoveries from being utilized. Furthermore, permitting issues and regulatory uncertainty have plagued developers. Even basic infrastructure projects to facilitate the transport of products to the lower 48 states face years of regulatory hurdles.

In 2008, the Department of the Interior anticipated that production from the NPRA would finally be realized. However, actions taken by the Environmental Protection Agency (EPA) blocking the issuance of permits have delayed that production indefinitely.

For example, EPA declared the Colville River Delta an "aquatic resource of national importance" after applications were filed to build a bridge over the river to provide access to the Conoco-Phillips development project in the NPRA. EPA then used the designation to deny and override an Army Corps of Engineers section 404 permit under the Clean Water Act. Conoco-Phillips has been waiting for six years to receive a permit to construct a single bridge to deliver oil to the American people.

In addition, the refusal of the Obama Administration to offer leases and issue permits for infrastructure has delayed the production of crude oil and natural gas. The Obama Administration approved only one quarter the number of new leases in its second year as were approved in the second year of the Clinton Administration and about half the number of leases as in the second year of the Bush Administration.

This legislation will ensure the regular occurrence of lease sales and expeditious permit review for infrastructure construction to allow for the production and delivery of crude oil and natural gas for the American people.

Another factor important to accessing the oil and gas in NPRA is the 800-mile-long Trans Alaska Pipeline System (TAPS), one of the world's largest pipelines. TAPS stretches from Prudhoe Bay on Alaska's North Slope to Valdez, the northernmost ice-free port in North America. Since the pipeline's startup in 1977, Alyeska—TAPS' operator—has successfully transported more than 16 billion barrels of oil.

At its peak of production, Prudhoe Bay produced 2.1 million barrels of oil per day that was transported via TAPS, providing one-third of the Nation's oil production. Today, approximately 620,000 barrels of oil per day flow through TAPS. Without new production from Alaska's North Slope, NPRA, and the Beaufort and Chukchi Seas, there will not be enough oil flowing through the pipeline to sustain it. If the pipeline shuts down because oil production has not been allowed to take place, the pipeline system will have to be removed, thus eliminating a valuable national resource and leaving billions of barrels of American oil stranded in the North Slope of Alaska.

Committee Action

H.R. 2150 was introduced on June 13, 2011, by Congressman Doc Hastings (R–WA). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On June 16, 2011, the Subcommittee on Energy and Mineral Resources held a hearing on the bill. On July 13, 2011, the Natural Resources Committee met to consider the bill. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Congressman Ben Luján (D–NM) offered an amendment designated .001; the amendment was not adopted by a roll call vote of 18–24, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: July 13, 2011 Recorded Vote #: 10

Meeting on / Amendment: **HR 2150** – An amendment offered by Mr. Lujan.001 was NOT AGREED TO by a roll call vote of 18 yeas and 24 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*	X		
Mr. Kildee, MI				**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem**		X	
Mr. Broun, GA				*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU	X			**Mr. Harris, TX**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA	X			**Mr. Fleischmann, TX**		X	
Mr. McClintock, CA		X		**Mr. Runyan, NJ**		X	
Mr. Boren, OK	X			**Mr. Johnson, OH**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	18	24	

The bill was ordered favorably reported to the House of Representatives by a bipartisan roll call vote of 28–14, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: July 13, 2011 Recorded Vote #: 11

Meeting on / Amendment: **HR 2150** – Favorably reported to the House of Representatives by a roll call vote of 28 yeas and 14 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman	X			*Mr. Heinrich, NM*		X	
Mr. Markey, MA Ranking		X		**Mr. Benishek, MI**	X		
Mr. Young, AK	X			*Mr. Lujan, NM*		X	
Mr. Kildee, MI				**Mr. Rivera, FL**			
Mr. Duncan of TN	X			*Mr. Sarbanes, MD*		X	
Mr. Defazio, OR	X			**Mr. Duncan of SC**	X		
Mr. Gohmert, TX				*Ms. Sutton, OH*		X	
Mr. Faleomavaega, AS				**Mr. Tipton, CO**	X		
Mr. Bishop, UT	X			*Ms. Tsongas*		X	
Mr. Pallone, NJ		X		**Mr. Gosar, AZ**	X		
Mr. Lamborn, CO	X			*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA		X		**Mr. Labrador, ID**	X		
Mr. Wittman, VA	X			*Mr. Garamendi, CA*		X	
Mr. Holt, NJ		X		**Ms. Noem**	X		
Mr. Broun, GA				*Ms. Hanabusa, HI*		X	
Mr. Grijalva, AZ		X		**Mr. Southerland**	X		
Mr. Fleming, LA	X			**Mr. Flores, TX**	X		
Ms. Bordallo, GU		X		**Mr. Harris, TX**	X		
Mr. Coffman, CO	X			**Mr. Landry, LA**	X		
Mr. Costa, CA	X			**Mr. Fleischmann, TX**	X		
Mr. McClintock, CA	X			**Mr. Runyan, NJ**	X		
Mr. Boren, OK	X			**Mr. Johnson, OH**	X		
Mr. Thompson, PA	X						
Mr. Sablan, CNMI		X					
Mr. Denham, CA	X						
				TOTALS	28	14	

Section-by-Section Analysis

Section 1. Short title

This Act may be cited as the "National Petroleum Reserve Alaska Access Act."

Section 2. Sense of Congress and reaffirming national policy for the National Petroleum Reserve in Alaska

This section reaffirms the sense of Congress that the purpose of the NPRA is to provide oil and natural gas resources for the United States. It also affirms the national policy is to facilitate production from the NPRA by expediting exploration, production and transportation of oil and natural gas resources through the NPRA.

Section 3. National Petroleum Reserve in Alaska; lease sales

This section requires the Secretary of the Interior to conduct at least one lease sale annually in areas of the NPRA most likely to produce commercial quantities of oil and natural gas from 2011 to 2021.

Section 4. National Petroleum Reserve in Alaska; planning and permitting pipeline and road construction

This section directs the Secretary of the Interior to issue permits for all surface development activities, such as pipelines and roads, necessary to develop the NPRA and transport oil and natural gas from the Reserve the North Slope to be transported through TAPS for the American people. Permits for the construction of transportation facilities for oil and gas under existing leases must be approved within 60 days of enactment. New permits must be approved within 6 months. Within 270 days after enactment the Secretary must submit a plan to Congress for approved rights-of-way for surface infrastructure to ensure all leasable tracts of land are within 25 miles of an approved road and pipeline.

Section 5. Departmental accountability for development

This section requires the Secretary of the Interior to issue regulations within 180 days of enactment that establishes requirements to ensure Interior facilitates the timely development of the NPRA, including response timelines in corresponding with permit applicants and issuing permits. If the Secretary fails to comply with permit deadlines, the Department will be required to notify the applicant with information regarding reasons for the permit delay.

Section 6. Updated resource assessment

This section requires an assessment of recoverable fossil fuel resources in the NPRA.

Committee Oversight Findings and Recommendations

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 2150—National Petroleum Reserve Alaska Access Act

H.R. 2150 would require the Secretary of the Interior to conduct certain activities aimed at facilitating the development of oil and gas in the National Petroleum Reserve in Alaska (NPR–A). Based on information from the Department of the Interior and assuming appropriation of the necessary amounts, CBO estimates that implementing the legislation would cost $2 million over the 2012–2013 period. Enacting H.R. 2150 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The bill would require the United States Geological Survey (USGS) to complete a comprehensive assessment of oil and gas resources in the NPR–A. The agency recently completed many of the assessments that would be required under the bill. Based on information from the agency, CBO expects that, under the bill, USGS would need to complete two additional assessments. Based on information regarding the cost of similar USGS assessments and assuming appropriation of the necessary amounts, we estimate that those assessments would cost $1 million a year for 2012 and 2013.

H.R. 2150 also would require the Bureau of Land Management (BLM) to conduct annual lease sales in the NPR–A. Historically, such sales have been held every two years; however, because the agency is planning to conduct annual sales beginning in 2011, CBO estimates that implementing this provision would not affect the federal budget.

Finally, the bill would require BLM to issue permits more quickly than required under current law for infrastructure projects related to the transport of oil in the NPR–A. Based on information from BLM, CBO estimates that implementing this provision would not affect the federal budget because the agency could meet the new requirement without hiring any additional staff.

H.R. 2150 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contacts for this estimate are Jeff LaFave and Dubary Brea. The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new spending authority, credit au-

thority, or an increase or decrease in revenues or tax expenditures. Based on information from the Department of the Interior and assuming appropriation of the necessary amounts, CBO estimates that implementing the legislation would cost $2 million over the 2012–2013 period. Enacting H.R. 2150 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

3. General Performance Goals and Objectives. This bill does not authorize funding and therefore, clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NAVAL PETROLEUM RESERVES PRODUCTION ACT OF 1976

* * * * * * *

TITLE I—NATIONAL PETROLEUM RESERVE IN ALASKA

* * * * * * *

SEC. 107. COMPETITIVE LEASING OF OIL AND GAS.

⟦(a) IN GENERAL.—The Secretary shall conduct an expeditious program of competitive leasing of oil and gas in the Reserve in accordance with this Act.⟧

(a) IN GENERAL.—The Secretary shall conduct an expeditious program of competitive leasing of oil and gas in the reserve in accordance with this Act. Such program shall include at least one lease sale annually in those areas of the reserve most likely to produce commercial quantities of oil and natural gas each year in the period 2011 through 2021.

* * * * * * *

DISSENTING VIEWS

Democrats support responsible drilling in the National Petroleum Reserve Alaska (NPR–A). However, we oppose H.R. 2150 because it would prevent the Department of the Interior from conducting proper review of oil and gas drilling activities in the NPR–A by imposing artificial and unnecessary deadlines.

Despite the fact that there are no pending applications with the Bureau of Land Management to construct roads and pipelines, H.R. 2150 would set an arbitrary clock to issue such permits. This provision could prohibit proper NEPA review of proposals to construct major oil and gas pipelines in the Reserve in the future. This directive would also appear to require the Interior Department to compel other Cabinet-level agencies to act, something far beyond the scope of the Secretary's authority.

H.R. 2150 would further require the Secretary to develop regulations to require action on drilling permits within 60 days. However, this provision is largely unnecessary because existing regulations already place a timeframe on the Department of 90 days to consider applications to drill in the NPR–A. Moreover, there are currently no pending applications at the Bureau of Land Management for permits to drill in the NPR–A and oil companies have actually been relinquishing their leases in the Reserve.

H.R. 2150 would also waste taxpayer resources by requiring the Interior Department to conduct unnecessary and duplicative studies. The legislation would require the BLM to develop a plan to "ensure that all leasable tracts in the Reserve are within 25 miles of an approved road and pipeline right-of-way." Requiring the BLM to map out a spider-web of roads and pipelines across the entire reserve before we even know where future oil and gas production may take place would be wasteful and counterproductive.

H.R. 2150 would also require the U.S. Geological Survey to complete an assessment of the technically recoverable oil and gas in the Reserve. The USGS just completed such an assessment of the undiscovered oil and gas reserves in the NPR–A in October of 2010 and also completed a study of the economically recoverable oil and gas in the Reserve earlier this year. According to the USGS, the average cost of an oil and gas assessment is $2.75 million. We shouldn't be wasting millions of taxpayer dollars to require the USGS to redo an assessment completed less than one year ago, as the majority's legislation would do.

During the markup, Representative Luján offered an amendment to ensure that all of the oil and gas produced from the NPR–A would stay in America to help American consumers and businesses. The Republican Majority rejected this common sense amendment in a straight party line vote. Representative Garamendi is also working to ensure that the infrastructure used to conduct drilling activities in the NPR–A is American made to help our economy and industry.

President Obama and House Democrats have already taken steps to encourage drilling in the NPR–A. Building on legislation introduced by House Democrats earlier this year, President Obama announced in May that he would direct the Department of the Interior to conduct annual lease sales in the NPR–A and the Department is already moving forward on that schedule. While H.R. 2150 includes a similar requirement to hold at least one lease sale per year in the NPR–A, we should make sure that we are drilling in challenging environments like the Arctic responsibly, not seeking to truncate proper review as this bill would do. We therefore oppose this effort.

EDWARD J. MARKEY.
GREGORIO KILILI CAMACHO SABLAN.
COLLEEN W. HANABUSA.
RUSH HOLT.
GRACE F. NAPOLITANO.
NIKI TSONGAS.
FRANK PALLONE, JR.
BETTY SUTTON.
BEN R. LUJÁN.
RAÚL M. GRIJALVA.

○